



FOR IMMEDIATE RELEASE
February 16, 2007

*Office of the United States Attorney
District of Arizona*

For Information Contact Public Affairs
WYN HORNBUCKLE
Telephone: (602) 514-7625
Cell: (602) 525-2681

CORPORATION AND ITS PRESIDENT PLEAD GUILTY TO DEFRAUDING GOVERNMENT'S MAD COW DISEASE SURVEILLANCE PROGRAM

PHOENIX -- Farm Fresh Meats, Inc. and Roland Emerson Farabee, 55, of Maricopa, Arizona, pleaded guilty to stealing \$390,000 in government funds, mail fraud and wire fraud, in federal district court in Phoenix.

U.S. Attorney Daniel Knauss stated, "The integrity of the system that tests for mad cow disease relies upon the honest cooperation of enterprises like Farm Fresh Meats. Without that honest cooperation, consumers both in the U.S. and internationally are at risk. We want to thank the USDA's Office of Inspector General for their continuing efforts to safeguard the public health and enforce the law."

Farm Fresh Meats and Farabee were charged by Information with theft of government funds, mail fraud and wire fraud. According to the Information, on June 7, 2004, Farabee, on behalf of Farm Fresh Meats, signed a contract with the U.S. Department of Agriculture (the "USDA Agreement") to collect obex samples from cattle at high risk of mad cow disease (the "Targeted Cattle Population"). The Targeted Cattle Population consisted of the following cattle: cattle over thirty months of age; non-ambulatory cattle; cattle exhibiting signs of central nervous system disorders; cattle exhibiting signs of mad cow disease; and dead cattle. Pursuant to the USDA Agreement, the USDA agreed to pay Farm Fresh Meats \$150 per obex sample for collecting obex samples from cattle *within* the Targeted Cattle Population, and submitting the obex samples to a USDA laboratory for mad cow disease testing. Farm Fresh Meats further agreed to maintain in cold storage the sampled cattle carcasses and heads until the test results were received by Farm Fresh Meats.

Evidence uncovered during the government's investigation established that Farm Fresh Meats and Farabee submitted samples from cattle *outside* the Targeted Cattle Population. Specifically, Farm Fresh Meats and Farabee submitted, or caused to be submitted, obex samples from healthy, USDA inspected cattle, in order to steal government moneys. Evidence collected also demonstrated that Farm Fresh Meats and Farabee failed to maintain cattle carcasses and heads pending test results and falsified corporate books and records to conceal their malfeasance. Such actions, to the extent an obex sample tested positive (fortunately, none did), could have jeopardized the USDA's ability to identify the diseased animal and pinpoint its place of origin.

On Wednesday, February 14, 2007, Farm Fresh Meats and Farabee pleaded guilty to stealing government funds and using the mails and wires to effect the scheme. According to their guilty pleas: (a) Farm Fresh Meats collected, and Farabee directed others to collect, obex samples from cattle *outside* the Targeted Cattle Population, which were not subject to payment by the USDA; (b) Farm Fresh Meats

-MORE-

and Farabee caused to be submitted payment requests to the USDA knowing that the requests were based on obex samples that were not subject to payment under the USDA Agreement; (c) Farm Fresh Meats completed and submitted, and Farabee directed others to complete and submit, BSE Surveillance Data Collection Forms to the USDA's testing laboratory that were false and misleading; (d) Farm Fresh Meats completed and submitted, and Farabee directed others to complete and submit, BSE Surveillance Submission Forms filed with the USDA that were false and misleading; (e) Farm Fresh Meats falsified, and Farabee directed others to falsify, internal Farm Fresh Meats documents to conceal the fact that Farm Fresh Meats was seeking and obtaining payment from the USDA for obex samples obtained from cattle *outside* the Targeted Cattle Population; and (f) Farm Fresh Meats failed to comply with, and Farabee directed others to fail to comply with, the USDA Agreement by discarding cattle carcasses and heads prior to receiving BSE test results.

A conviction for theft of government funds carries a maximum penalty of 10 years imprisonment. Mail fraud and wire fraud convictions carry a maximum penalty of 20 years imprisonment. Convictions for the above referenced violations also carry a maximum fine of \$250,000 for individuals and \$500,000 for organizations. In determining an actual sentence, Judge Earl H. Carroll will consult the U.S. Sentencing Guidelines, which provide appropriate sentencing ranges. The judge, however, is not bound by those guidelines in determining a sentence.

Sentencing is set before Judge Earl H. Carroll on May 14, 2007.

The investigation in this case was conducted by Assistant Special Agent in Charge Alejandro Quintero, United States Department of Agriculture, Office of Inspector General. The prosecution is being handled by Robert Long, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: CR-07-00160-PHX-EHC
RELEASE NUMBER: 2007-051(Farabee)

###